

Message Text

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DRAFTED BY EB/AN:JMAGNOR/EUR/SOV:RBARRY:BG

APPROVED BY EUR:AAHARTMAN

C - JMONTGOMERY

EB - MR. GREENWALD

S/S -O: A. OTTO

S: P. BARBIAN

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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

C O N F I D E N T I A L STATE 093554 TOSEC 100023

FOR THE SECRETARY FROM HARTMAN AND GREENWALD

E.O. 11652: GDS

TAGS: EAIR, UR, US

SUBJECT: ACTION MEMORANDUM--AEROFLOT-PAN AMERICAN
AGREEMENT (S/S NO. 7608089)

1. THE PROBLEM

IN RESPONSE TO AN APRIL 3 ACTION MEMORANDUM, YOU
AUTHORIZED US TO DISCUSS REVENUE POOLING WITH THE USSR.
YOU ALSO SAID THAT BEFORE WE INVITED THE SOVIETS TO BEGIN
THESE TALKS, YOU WOULD LIKE TO KNOW HOW WE WOULD JUSTIFY
AN EXCEPTION TO OUR POLICY AGAINST POOLING ON FOREIGN
POLICY GROUNDS.

2. BACKGROUND/ANALYSIS

IT IS A BASIC OBJECTIVE OF OUR FOREIGN POLICY THAT US
COMMERCIAL AGREEMENTS WITH THE USSR BE BASED ON MUTUAL
ADVANTAGE. WE HAVE NOT ACHIEVED THIS GOAL UNDER OUR
BILATERAL CIVIL AVIATION AGREEMENTS, LARGELY BECAUSE THE
SOVIET UNION IS ABLE TO DIVERT PASSENGERS TO AEROFLOT
WHILE WE ARE NOT ABLE TO PROVIDE THE SAME ADVANTAGE FOR
PAN AMERICAN. SINCE THE CONCLUSION OF THE US-USSR
CIVIL AIR AGREEMENT IN 1966 WE HAVE TRIED WITHOUT SUCCESS
TO CORRECT THIS IMBALANCE. WE, AND THE OTHER AGENCIES

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INVOLVED, HAVE CONCLUDED THAT REVENUE POOLING IS THE

ONLY SOLUTION WHICH WILL PROVIDE THE US WITH EQUAL
COMMERCIAL BENEFITS.

AT A TIME WHEN OUR AGREEMENTS WITH THE SOVIET UNION
ARE BEING CLOSELY EXAMINED, WE BELIEVE THAT EVERY EFFORT
MUST BE MADE TO COMPENSATE FOR THE ASYMMETRIES IN OUR
SYSTEM IN ORDER TO ENSURE AN EQUAL BALANCE OF BENEFITS
FOR BOTH SIDES.

THE SOVIETS ARE PRESSING TO BEGIN NEGOTIATIONS, AND
WE PLAN TO PROCEED ON APRIL 26.

3. RECOMMENDATION

THAT WE INVITE THE SOVIETS NOW TO BEGIN THESE
NEGOTIATIONS.

APPROVE DISAPPROVE

4. CLEARED:C:MONTGOMERY, S: P. BARBIAN
ROBINSON

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NNN

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